

BUSINESS COUNCIL: Regulation is the problem

PAUL FLETCHER COMMENT

Liberal MP says hearings show him NBN is all about politics not broadband

CSIRO: Set to workshop broadband wireless tech

JAPAN UPDATE: Latest status on network outages

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Coalition senators rally against perceived NBN Co mission creep

Coalition senators have flatly rejected calls from utilities for special treatment in seeking access directly from NBN Co in a report tabled in parliament. They have also called for the Federal government to fix two key NBN bills that they claim allow NBN Co to “creep” into the retail service market.

The senators expressed their views in the form of additional comments to the report tabled earlier by the Government and Greens members of the Environment and Communications Committee.

Deputy committee chair Mary Jo Fisher said the coalition senators made the comments because of concerns with the two bills now before parliament – the NBN Companies and NBN Access Arrangement bills.

“Coalition Senators are concerned that these latest bills continue to undermine the Government’s repeated reassurances that NBN Co will provide ‘wholesale only’ services, and will not compete in any way whatsoever with retail service providers,” Senator Fisher said.

As well as allowing NBN Co to directly service the internal needs of utilities, the senators said that the bills would fail to stop NBN Co from directly servicing the internal needs of licensed carriage service providers.

Other complaints are that the bills effectively force a would-be competitor of the NBN to meet technical specifications of the NBN when wanting to build a rival network, as well as sections dealing with Freedom of Information laws.

“We also think the milestones set for future privatisation of the NBN are deliberately so onerous as to stop it ever being sold,” Senator Fisher said.

“It’s hypocritical for the Government to require a Productivity Commission review of NBN Co should the company be privatised in the future, whilst continuing to evade a similar level of scrutiny before committing the Australian taxpayer to the most expensive single project in the country’s history,” she added.

In the report itself, the senators say they were persuaded by evidence provided to the house enquiry that NBN Co would be able to sell services directly to utilities and effectively compete at a retail level.

“We find that the arguments advanced by utilities to support a continuing form of ‘special treatment’ are wanting. The utilities argue they are ‘essential services’ and are not currently required to hold a carrier licence to roll out services that are used internally. In some ways, it’s not much more than saying ‘we have always been special, we remain special, and you wouldn’t want to change things in a way that risks your having to do without us’,” the report noted.

The senators said that granting special exemptions to the utilities would be essentially a judgement call by the minister, leaving scope to expand to other organisations such as not-for-profit organisations. They also argued that retail service providers could provide additional value-added services to the utilities, equally as or perhaps more, efficiently.

“Some industry representatives are comfortable with NBN Co selling services directly to utilities, as long as they don’t on-sell to third parties. However, we remain concerned that the bill is operationally ambiguous and in several aspects so vague in a new telecommunications framework, as to fail to prevent the

NBN from engaging in ‘mission creep’ – that is, from extending beyond the wholesale market,” the coalition stated.

The senators also voiced concerns with so-called “anti-cherry picking” legislation. “Coalition senators consider that forcing competitors to meet the technical specifications of the NBN when building a rival network will hinder competition. A distinction could be made between larger and smaller-scale competitors, otherwise all competitors will be required to upgrade or provide NBN Co level services, irrespective of their market size.”

As well as Senator Fisher, the report was signed off by coalition senators Judith Troeth, Simon Birmingham and Ian Macdonald.

Geoff Long

Over-regulation, not bandwidth, is the problem: Business Council

A submission from the Business Council of Australia into the potential of the national broadband network has argued that sectors such as health and ageing have not been held back by bandwidth limitations but rather by over regulation, gaps in organisational capacity and a lack of a clear framework for private sector investment.

The association, made up of the CEOs of around 100 of the country's leading corporations, has also stepped up its calls for a cost-benefit analysis of the project, suggesting that the current house committee enquiry could feed into such an analysis if it were properly defined.

“This inquiry into the benefits of the NBN could feasibly provide input to a cost-benefit analysis, but the benefits would need to be tightly defined. Identified benefits would need to result specifically from the NBN policy and not count benefits that would have happened anyway using existing broadband networks or from the increase in broadband capacity and use that would have happened under alternative policy approached,” the BCA wrote in its submission.

“Many of the purposed benefits from the NBN policy will arise from better servicing regional and rural areas, however, a cost-benefit analysis would tell us whether alternative policy approaches could achieve similar results at a lower cost.”

The council also recommended that the committee take a broad perspective on how the government's NBN investment will contribute to efficient markets for ICT products that will deliver better outcomes for consumers, productivity and economic growth. It said the enquiry should also look at alternatives to the NBN plan as it stands, arguing that other proposals might offer more benefits.

“The NBN will be a monopoly wholesale access network operated by NBN Co and just one part of a much wider market of fixed and wireless broadband suppliers and products. It stands to reason that if alternative industry models can provide broadband services to consumers and businesses at a lower cost it will result in higher take-up and use, with greater flow on benefits.”

And the Business Council also urged the committee to look at NBN Co's compliance with competition policy, noting that the government is yet to report on compliance. It pointed out that under the COAG agreement, the government is required to access and publicly report on NBN Co's compliance against its competition policy commitments.

“It will be important that NBN Co complies with the government's competition policy obligations to assure other wireless and fixed line network operators that NBN Co will operate on a level playing field. This will encourage competing investments and innovation to the benefit of consumers and productivity,” the council wrote.

“Full and transparent compliance with competition policy will impose a commercial discipline on NBN Co's operations and support a more competitive broadband market that is fundamental to realising the longer term benefits from broadband services.”

Geoff Long

CSIRO to plug Ngarra wireless offering, commercial rollout in two years

The Commonwealth Scientific and Industrial Research Organisation will demonstrate its Ngarra broadband wireless system to key decision makers in industry and policy next week as it hinted at a commercial rollout within two years.

The system can currently enable six simultaneous users to reach symmetrical downlink and uplink speeds of up to 12Mbps and CSIRO is hoping its latest demonstration will double the current capacity to have 12 simultaneous users.

“The road map we have is to take it from six simultaneous users which we did in Tasmania last year... to 12 simultaneous users,” a CSIRO spokesman recently told a House of Representatives committee.

“Then we start aggregating channels to deliver the 100Mbps with an ultimate objective of 100Mbps/12 simultaneous user. That gives you a lot of capacity to share.”

“Our ultimate goal is not just to deliver 12Mbps to and from homes, we look now to start to aggregate the bands using the bands from the UHF TV spectrum. If we can aggregate 4 bands together...by approximately the end of the year – we would have an aggregate of 100Mbps that we could share between to the home and from the home.”

Ngarra would need barely a quarter the number of transmission towers required by current wireless solutions, taking advantage of existing analogue TV broadcast infrastructure and CSIRO is hoping to launch it within two years.

“We believe it is of the order of two years to get it to a point where it is commercially available at an appropriate price point and can be rolled out on scale.”

CSIRO is targeting the 7% of users missing out on the NBN fibre rollout, particularly in rural areas and is also developing its own backhaul technology.

Miro Sandev

ACMA: current numbering plan raises efficiency issues

The Australian Communications and Media Authority has called for feedback on the allocation process for phone numbers in its third consultation paper spanning the future of numbering.

Telephone numbers have, unlike IP addresses, historically been planned and managed as a scarce public resource and are mainly allocated by the ACMA against detailed rules set out in the numbering plan. The paper examines these assumptions, and explores emerging trends and alternative approaches.

The paper raises some issues about the efficiency of the current system, revealing that there are more than 430 million telephone numbers still available for allocation under the current plan and for most number types less than 10% of the numbers are in use.

It also notes that technology is likely both to complement and substitute telephone numbers as IP-based services become more prevalent. This includes the shift to internet-based voice, video and data services, and the roll out of both fixed and wireless next generation networks.

In this context, the authority has thrown up a number of discussion topics on whether: the scarcity of numbers is a useful assumption; prescriptive rules are appropriate and whether there is scope for allowing users to have a greater degree of control over allocation. It is seeking responses by 13 May 2011.

Miro Sandev

DOD taps NSC for contact centre move and upgrade

Contact centre integrator NSC Group has been selected by the Department of Defence to spearhead a contact centre project that includes the relocation of three centres and an upgrade to existing Avaya and Verint technology.

The centres have been moved to new premises in Mitchell at the Defence Service Desk, which has 200 agents and 120 back office staff handling around 2000 calls daily.

The department also extended the deployment of its Avaya contact centre platform and Verint workforce optimisation applications, which NSC said added new skills-based routing functionality as well as

more effective resource scheduling and more reporting options.

Key requirements for the new contact centre include the ability for improved workforce planning, ability to project call volumes and their impact on service levels, streamlined reporting on productivity, and utilisation and occupancy to assist with the management of the day-to-day operation.

Miro Sandev

Japan network update: what's down, what's not

A week after the devastating quake that rocked northeast Japan, communications in and out of the country seem to have been restored, although some routes are still reportedly experiencing slower performance.

According to telecoms industry executives, at least three trans-Pacific cable systems and two regional systems are impacted. The west and north segments of NTT Communications' PC-1 system, the Japan-US cable, and the China-US cable are damaged, while Pacnet's EAC cable system and the consortium-based APCN2 cable were impacted by the quake and subsequent tsunami.

A total of 12 faults on five cables were reported on Verizon Business' infrastructure, while four cable systems were impacted on AT&T's regional infrastructure.

Traffic has been rerouted to other systems, in some cases automatically. For Verizon, the traffic was switched via its optical mesh platform in a matter of "milliseconds," according to Yali Liu, Verizon Business director of network engineering for Asia Pacific.

Those with ring systems were able to reroute traffic on protection paths on their system. Pacnet CEO Bill Barney said there was enough capacity on its systems, which was in the process of an upgrade, to support the rerouted traffic.

Likewise, Phil Mottram, executive director of global sales at Telstra International, said the operator was able to shift traffic on alternative paths without having to subscribe to new capacity.

At the same time, Equinix is now waiving interconnection fees at its Tokyo facilities for carriers looking for restoration capacity from other networks.

Trans-Pacific cables confirmed to be operational include: the Unity system, including Pacnet' EAC-Pacific; the Verizon Business-led Trans-Pacific Express system, which bypasses Japan with landings in China and Korea; Tata Communications' TGN-Pacific system; and the southern leg of the PC-1 system. The AAG cable linking Southeast Asia to the US and the Australia-Japan Cable have also served as alternative routes for traffic.

Within Asia, no impact has been reported for other intra-Asia systems from Tata Communications (TGN-IA) and Telstra International (RNAL).

While the networks are up, performance remains an issue on some routes.

"The region continues to experience congestion due to reduced capacity to the area. However, over 98 percent of calls originating from AT&T customers in the United States to Japan are completing," an AT&T statement said.

AT&T also warns that: "additional cables are at risk as aftershocks continue and potential undersea mud slides occur."

CNN also reported that the US military is blocking some website access on its network to ensure adequate bandwidth for critical communications.

Meanwhile, more carriers are offering free services to and from Japan. In addition to free services from AT&T, Verizon, Telstra and others, Cox Communications, Sprint, T-Mobile, MetroPCS, and others are now offering free calls or texts to Japan, while Tata Communications said it is now offering free TelePresence sessions in collaboration with the Westin hotel in Tokyo.

Tony Chan

TELSTRA AIMING TO CURB TEXT-DRIVING

Telstra has launched a national driver safety education program to discourage texting whilst driving in the wake of research revealing 45% of Australians have admitted to the practice, with 30% of those believing they are capable of doing both. The Telstra 'Drive Safe, Phone Safe' study, conducted by Pure Profile, found that Australians are not heeding concerns and the statistics are worsening, with a 12% annual in-

crease in the number of drivers who text. The results have prompted the telco to unveil its M8 IT Can W8 driver safety education campaign.

NEWS LTD POACHES OPTUS “INSIGHTS” CHIEF DARREN STEIN

News Ltd has hired the director of insights at Optus, Darren Stein, to lead its consumer insights and business intelligence team, starting next week, according to web site Mumbrella. Stein ends a period of eight years working at Optus, holding a number of roles including, most recently, as GM insights, segmentation and planning.

NEW ZEALAND

NZ to trial fibre through water pipes

i3 Group said it plans to build pilot sites in New Zealand demonstrating its Atlantis technology, which uses water pipes to distribute fibre to homes.

The company’s global chief technology officer Alasdair Rettie told CommsDay that Atlantis had already been approved by the New Zealand Plumbers, Gasfitters and Drainlayers Board. It now just needs approval from building authorities before trials can begin.

Atlantis is being pitched to the companies building New Zealand’s UFB as a low-cost way of taking fibre from the street into homes. Rettie said it was particularly suited to New Zealand, where houses typically have long driveways.

“The components are all plastic and inexpensive. We need to dig two 600mm square holes at either end and fibre is blown through the water pipes. It’s a fixed cost, it takes less than an hour to connect a single house and the work doesn’t need to be done by a qualified plumber,” Rettie explained.

“Typically 80% of the cost of deploying fibre to the premise is in the civils – the price gets more expensive the closer you get to a home. With Atlantis the cost is insignificant,” he claimed.

Rettie wouldn’t be drawn on which UFB builders his company is currently talking to but he said i3 had talked to carriers and the engineering firms likely to be subcontracting on the UFB build.

In July 2010, i3 made a submission to the Ministry of Economic Development asking to take part in its deployment standards initiative using an earlier technology delivering fibre through sewer pipes.

The company was recently linked to a similar plan from Brisbane City Council but that has now been dropped.

Bill Bennett

Joyce, Cunliffe face off at question time

NZ communications minister Steven Joyce faced questions in the House of Representatives from former communications minister David Cunliffe on the time allowed for reporting back on the Telecommunications Amendments Bill.

When Cunliffe asked Joyce if he’d agree to a further extension, the minister said the first reading of the bill was on December 9 and there had been almost six months to report back. He said while the supplementary order paper was tabled on January 16, the issues contained in it were published in a discussion document released in September 2010.

Joyce’s answer was in error. The supplementary order paper was actually tabled on February 16 – just one month before the select committee hearing on its contents.

Cunliffe asked questions about the short, 10 minute sessions for submitters in front of the committee, which Joyce dismissed saying UFB bidder Vector had a 40 minute session.

During the questions Cunliffe said Vector chief executive Simon Mackenzie warned the consequences of the supplementary order paper and the truncated bill process of the bill would increase regulatory risk and investor uncertainty. He quoted Mackenzie saying this risk will be priced into up-front bid costs.

REVIEW THREAT: Cunliffe said a future labour government would review legislation at the Finance

and Expenditure Select Committee hearings on the Telecommunications Amendment Bill in Wellington yesterday. The politician's comments were broadcast on Twitter by former Tuanz chairman Chris O'Connell, who wrote: "David Cunliffe just dropped the 'R' bomb on Telecom! A future Labour Government will review this legislation. Politics in the raw!"

Cunliffe's comments came after Telecom NZ CEO Paul Reynolds told the committee he would like to see a regulatory 'forbearance' period of more than the 10 years proposed in the bill.

Bill Bennett

VODAFONE APPOINTS HEWITT AS CHRISTCHURCH RECOVERY DIRECTOR

Former Vodafone Australia CEO Russell Hewitt will lead the company's business recovery effort in Christchurch. The job will see Hewitt work with civil authorities to align local recovery needs with Vodafone's own business recovery plan. Vodafone said Hewitt will make sure the company's employees are supported and the customers' needs are met.

COMMENT BY PAUL FLETCHER

Scottsdale, Tasmania and the Politics of NBN

Are decisions about the National Broadband Network being made based on rigorous evidence of demand for the services to be delivered over the network?

Or are they being made for essentially political reasons, to demonstrate to the media and the electorate that this shiny new network is a good thing for Australia?

According to the Tasmanian Chamber of Commerce and Industry, appearing last week before the House of Representatives Infrastructure and Communications Committee, the choice of the three first release sites in Tasmania – Scottsdale, Midway Point and Smithton – was a political one. TCCI argued that if you wanted to maximise the number of customers on the network, you would have chosen more built up areas in Tasmania.

TCCI were appearing before the Committee as part of hearings we are conducting into the National Broadband Network. Earlier, we visited one of the three first release sites, Scottsdale, to take a look for ourselves.

That visit – along with other aspects of the Committee's work – suggest to me that political factors are at the centre of the decisions being made about the NBN.

The first reason I say that is the lack of evidence of a substantial consumer appetite for the 100 Mbps broadband service that the NBN will deliver.

In Scottsdale, only fifteen per cent of premises passed by the network are taking a commercial service.

Remember that NBN Co's Corporate Plan assumes a seventy per cent take up. This poor take up is being experienced even though the introductory level pricing is extremely low. One local businessperson told us that she pays \$39.95 a month to Telstra for ADSL (at her home, out of town) but only \$29.95 a month (at her business premises, in town) for her NBN broadband service.

Of course, that pricing will not last. Right now, the retailer which is offering her that service is receiving a wholesale service from NBN for free. But NBN Co's Corporate Plan says that its entry level wholesale price will be \$24 per customer per month, plus a separate charge for the 'connectivity virtual circuit' which will probably add an additional \$1-2 per month per customer. Once retailers are paying a wholesale price of \$26 or so, retail offerings at \$29.95 will be a thing of the past.

Now it might be said that you are never likely to have very high take up in a town like Scottsdale – a small town (population approximately 2,000) an hour's drive out of Launceston, based mainly on agriculture. But the very fact that a place like Scottsdale is to receive a 100 Mbps fibre service – let alone be one of the first – highlights the political nature of the decision making associated with the NBN.

If you were designing your network seeking to get the maximum 'bang for buck' you would reach very different decisions to those taken by NBN Co. You would not use fibre to the home nearly so extensively – preferring cheaper technologies like fibre to the node, at least initially.

Nor would you build out the fibre network nearly as extensively as the 93 per cent reach proposed with

the NBN.

But of course if you are looking for photo opportunities in a range of photogenic country towns – well in advance of the next election – you approach things very differently.

Which brings us to a third indicator that this is a political exercise. There are a lot of resources being allocated to cheerleading for the NBN. This Committee Inquiry, for example, is essentially a political exercise designed to gather up supportive testimony from people who are enthusiasts for the NBN.

That is why the Committee's terms of reference – provided by the Gillard Government – require us to examine the capacity of the NBN to 'contribute to' a whole range of areas including education, health, community engagement and economic growth. But there is no reference to the costs being incurred in building out the NBN.

A fourth piece of evidence that politics is driving NBN decisions: the Rudd-Gillard Government has specifically refused to carry out a cost-benefit study into the NBN. Its stated policy is that Infrastructure Australia will rigorously and assess proposed infrastructure projects (including through cost-benefit studies) so the best ones could be prioritised. These are sensible principles, but they have been ignored when it comes to what we are regularly told is the largest infrastructure project in Australia's history.

A fifth indicator is the absence of systematic work done before the announcement of a 100 Mbps FTTH network in April 2009. Prior to the Rudd Government changing from its previous policy of a 12 Mbps fibre to the node network, did it seek detailed and rigorous advice from its various Departments as to the incremental benefits of the new policy over the previous one? I have asked several Commonwealth government departments, appearing before the Committee, about the advice they provided. Curiously, none have been able to enlighten the Committee.

A sixth issue: why exactly choose 100 Mbps versus, for example, the 12 Mbps or even say 40Mbps speed that could be delivered to a large number of premises around Australia using a much cheaper fibre to the node network? Is there rigorously compiled evidence of, say, the distance education or telemedicine applications which need the higher speeds?

It does not seem that the Commonwealth Department of Health has compiled such evidence. When I asked their representative what speeds the Department considered necessary for health and telemedicine applications, they could not answer. "High speed" was the best they could offer – before suggesting that this depended on what 'clinicians' (a bureaucratic word meaning 'doctors') thought was necessary. When we did hear from doctors – representing respectively the National Rural Health Alliance and the Australian Medical Association – they expressed support for improving Australia's broadband infrastructure and the benefits that would offer the health sector, and instanced for example video applications. However, they declined to specify speeds or technologies, saying (quite understandably) that this was outside their competence.

A similar lack of analysis is evident in the material being disseminated by NBN Co – such as the document available on its website headed 'Case Study: Education- professional development.' This quotes staff of the Skills Tasmania E-learning unit, saying amongst other things that without a reliable ADSL connection online learning is almost impossible. That statement sounds sensible and grounded in experience – but casts no light at all on why you would spend \$50 billion on building fibre to ten million premises as opposed to the vastly cheaper and quicker exercise of delivering reasonable broadband speeds to those who today cannot get ADSL.

Which brings us back to Scottsdale – already served by Telstra ADSL. I do not for a second criticise Scottsdale's civic leaders, who spoke very positively about the NBN coming to their town – indeed I congratulate them on their vigorous advocacy for their community. But I do say that my visit to Scottsdale – and my participation in the Committee Inquiry – has been an eye-opening indicator that the NBN is fundamentally driven by politics, rather than any rigorous, evidence-based assessment of the case for a national fibre to the home network as opposed to the many quicker and cheaper ways of improving Australia's broadband infrastructure.

Paul Fletcher is the Member for Bradfield (Liberal, New South Wales), former telecommunications executive and author of *Wired Brown Land: Telstra's Battle for Broadband* (2009, New South Books). He serves on the House of Representatives Infrastructure and Communications Committee.

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Fax: +612 9261 5434 Website: www.commsday.com

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Contacting CommsDay

Chief Editor: Petroc Wilton, petroc@commsdaymail.com, +61 2 9261 5436

Melbourne correspondent: Geoff Long, Geoff@commsdaymail.com

Canberra correspondent: James Riley, James@commsdaymail.com

Editor, NZ: Bill Bennett, bill@commsdaymail.com

Editor at large: Tony Chan, tony@commsdaymail.com

Assistant Editor: Miro Sandev, miro@commsdaymail.com

Founder: Grahame Lynch, Grahamelynych@commsdaymail.com

New subscription inquiries: Laraine Davis, laraine@commsday.com.au, +612 9264 1781

Accounts payable, receivable: Sally Lloyd, sally@commsday.com.au, +612 9261 5435

CommsDay Summit sponsorship: Veronica Kennedy-Good, veronica@mindsharecomms.com.au

Satellite Forum sponsorship: Kevin French, Kevin@kfrench@talksatellite.com

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Confirmed speakers include: Telstra CEO David Thodey, ACMA chair Chris Chapman, Optus wholesale MD Vicki Brady, Macquarie Telecom CEO David Tudehope, Internode MD Simon Hackett, shadow communications minister Malcolm Turnbull, Comms Alliance CEO John Stanton, Allegro CEO David Waldie, TIO Simon Cohen + more

AUSTRALASIAN SATELLITE FORUM, Four Seasons Hotel, Sydney, 30 March 2011

ASIA SATELLITE BACKHAUL FORUM, M Hotel, Singapore, 1 March 2011

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